

Pathways to Removing Obstacles to Affordable Housing

**PRO Housing Grant Application
County of Albemarle, Virginia**

DRAFT FOR PUBLIC COMMENT

Comment Period: 09.11.2024 – 09.25.2024

Submit comments to:

Stacy Pethia, Assistant Director of Housing

By mail:

Albemarle County Office of Housing
1600 5th Street Ext., Suite B
Charlottesville, VA 22902

By email:

ADU@albemarle.org,

Telephone:

434-972-4011 x3240 or
711 for Virginia Relay assistance (TDD)



EXHIBIT A: EXECUTIVE SUMMARY

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

The County of Albemarle is applying for a grant of \$6.5 million through HUD's PRO Housing grant program to build on and expand efforts to remove barriers to affordable housing. The application outlines activities that are intended to facilitate both production and preservation of affordable housing, and expand housing options for Housing Choice Voucher program families. The proposed activities address four primary barriers to affordable housing:

- A lack of funding to support affordable housing;
- The high cost of land available for residential development;
- A mismatch between the supply and demand for housing; and
- Poor maintenance of rental properties.

The lead applicant is the Albemarle County Office of Housing (ACOH).

The proposed activities compliment and will enhance existing programs and initiatives. The grant serves as an opportunity for the County to establish the structural foundation to support affordable housing into the future. If awarded, the grant will increase affordable housing options throughout or community, grow community partnerships, and strengthen the County's efforts to meet the housing needs of our most vulnerable residents.

The draft PRO Housing application was available for public comment between September 11, and September 25, 2024. It has been submitted to the Department of Housing and Urban Development (HUD) on October 15, 2024. If HUD selects the Albemarle County as a PRO Housing grantee, the expected activity implementation period is 2/10/2025 through 9/30/2030. During the public comment period, the County heard from XXX individuals and organizations; comments received, and a list of participants are included in the attachments to this application.

The application aligns with requirements to Affirmatively Further Fair Housing and is designed to further the County's housing goals established through *Housing Albemarle*, the Comprehensive Plan, the Consolidated Plan, and other existing plans. If awarded, the County will gain the funding and tools needed to maintain a sustained effort toward reducing barriers to affordable housing.

**EXHIBIT B: THRESHOLD REQUIREMENTS AND OTHER SUBMISSION
REQUIREMENTS**

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Resolution of Civil Rights Matters

Albemarle County does not have charges, cause determinations, lawsuits, or letters of finding relating to violations of the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Americans with Disabilities Act, or the Violence Against Women Act. The County is not a defendant in a claim under the False Claims Act related to fair housing, non-discrimination, or civil rights including an alleged failure to affirmatively further fair housing at either the federal, state, or local level.

Timely Submission of Applications

The application will be submitted before 11:59:59 PM Eastern time on October 15, 2024.

Eligible Applicant

Applicants must be an eligible applicant in accordance with Section III.A of the NOFO. The County of Albemarle is eligible applicant type 01 (County governments).

Number of Applications

The County of Albemarle is submitting one application in response to the FY 2024 Pathways to Removing Obstacles to Housing (PRO Housing) Round 2 NOFO.

Standard Application, Assurances, Certifications and Disclosures

The following forms and documents are included as attachments to this submission as required:

- Standard Form 424 (SF-424) Application for Federal assistance
- Assurances (HUD 424-B)
- Applicant Disclosure Report Form 2880 (HUD 2880)
- Disclosure of Lobbying Activities (SF-LLL)
- Certification Regarding Lobbying form
- Federal Assistance Representations and Certifications
- Grant Application Detailed Budget Worksheet (HUD-424-CBW)
- Code of Conduct

Limited English Proficiency (LEP)

The Albemarle County Office of Housing has access to language interpretation or translation assistance for in-person, telephonic, and written language interpretation and translation needs. Telephonic interpretation services are provided by CyraCom International Inc., which offers 24 hour access to interpreters trained in hundreds of languages. On-site interpretation services are provided by the International Rescue Committee (IRC), an international nonprofit organization

helping people affected by humanitarian crises. IRC's trained staff offer interpretation services for less utilized languages, making it possible to engage with members of the refugee and asylee communities.

Physical Accessibility of Meeting Site(s)

Albemarle County office buildings are compliant with Section 504 of the Rehabilitation Act of 1973. Each facility provides clearly designated parking spaces for disabled individuals that meet the minimum width requirements, and that have clear access to building entrances. Visitor entrances to each building are wheelchair-accessible, and include wheelchair accessible controls to open the main doorways. Meeting rooms are either on the main floor, or are accessible via elevator, with all doorways and elevators wide enough to accommodate wheelchairs and other mobility assistance devices. Restrooms in each building are wheelchair accessible, as are drinking fountains, and elevator call buttons are equipped with braille labels.

Environmental Review

If selected as a recipient of PRO Housing grant funds, Albemarle County will act as the Responsible Entity for the completion of all environmental review activities. The Albemarle County Office of Housing (ACOH) staff will be responsible for completing all required environmental reviews, including review of each activity receiving funding under the PRO Housing grant to determine if the activity is exempt or categorically excluded from the requirements of the National Environmental Policy Act (NEPA), or if the funded activity requires further environmental review; completion of all required public notices comment periods; and completion and submission of the Request for Release of Funds.

Other Program Specific Requirements

Attachments A – E discuss the remaining program requirements including:

- A. A summary of comments received on the published application;
- B. Certification of compliance with public participation requirements;
- C. Advancing Racial Equity;
- D. Affirmative Marketing and Outreach; and
- E. Experience promoting racial equity.

EXHIBIT C: NEED

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Key Barriers to Affordable Housing

Albemarle County is committed to ensuring safe, decent, and sanitary housing options that are affordable to households of all income and age levels, and available equally to current and future County residents. To help achieve this objective, the County regularly assesses its policies, programs, and other activities for their impact on affordable housing. The following actions have been taken to identify barriers to affordable housing:

2019 Comprehensive Regional Housing Study and Needs Assessment – Albemarle County partnered with the Central Virginia Regional Housing Partnership and the Thomas Jefferson Planning District Commission to complete a regional housing needs assessment for the Planning District 10. The report identified a number of barriers to affordable housing in Albemarle County including:

- An undersupply of housing to meet demand – Albemarle County is experiencing historically low vacancy rates of 2.6 percent for rental housing and 0.6 percent for owner-occupied units (2022 American Community Survey 5-Year Estimates). New residential construction has not kept pace with the increase in demand at all but the highest price levels. This has led to increased competition for below market rate units allowing landlords to command higher rents from tenants with limited housing choices.
- High cost of residential construction – local developers report a 55 percent increase in construction costs since 2019. This increase was initially due to pandemic supply chain issues, but has continued even as those issues have been resolved. Currently, developers report they are unable to construct a housing unit for less than \$300,000 which negatively impacts the consumer's price.
- High cost of land available for development – An October 2023, analysis of Department of Housing and Urban Development (HUD) data shows the cost of land in the United States increased 60 percent from 2012 – 2019. The *2022 Albemarle County Land Use Buildout Analysis* identifies the cost of land as a barrier to residential development in the County. An analysis of property data supplied by the County's Tax Assessor for the *2022 Albemarle County Land Use Buildout Analysis*, showed that between 2018 and 2021, the price per acre of vacant properties sold during that period increased 38 percent. This increase in land prices directly impacts the final cost of housing.
- Poor maintenance of rental properties – Maintenance concerns and unresponsive landlords were widely shared concerns during public engagements activities associated with Housing Albemarle, comprehensive planning efforts, and Consolidated Planning efforts. A review of the County's Housing Choice Voucher program inspection data supports these concerns with 40 percent of program units failing inspection in 2022, and 37 percent of program units failing inspection in 2023.

- Undersupply of accessible housing appropriate for seniors and persons with disabilities – According to the analysis completed for the *2019 Comprehensive Regional Housing Study and Needs Assessment*, the supply of homes suitable for mobility impaired households is relatively small.
- Limited funding to support affordable housing development – As noted in the regional housing study, federal funding for affordable housing has declined in real terms, even as housing prices have escalated. Funding for the Housing Choice Voucher program has not kept pace with increases in local rents, resulting in fewer low-income households receiving much needed rental assistance. For instance, between 2020 and 2024, Albemarle County experienced a 29 percent increase in median rents but a less than one percent increase voucher program funding.
- Affordability compliance periods are too short – Albemarle County secures most of their affordable housing units through developer proffers. Historically, the affordability periods for proffer units were ten years for rental units and first sale for owner-occupied units. These short periods of affordability reduce the number of low- and moderate-income households that can be served those units, and leads to housing instability for households who move into proffer units shortly before the affordability periods end.
- Expiring use properties – Albemarle County’s low-income households are served by ten federally assisted rental properties containing 994 affordable rental units. The compliance period for three of these properties are set to expire by 2035. Two of those properties, representing a total of 299 affordable units, will end their affordability compliance periods with the next five years.

Actions Taken to Address, Mitigate, or Remove Barriers to Affordable Housing

To address the identified barriers to affordable housing, Albemarle County pursues new policies and programs that will increase the availability, accessibility, and stability of affordable housing. Fair housing principles are at the core of these efforts. Recent actions are described below:

Funding for Affordable Housing

- In FY 2019, the County established the Affordable Housing Investment Fund (AHIF) to support the production or preservation of affordable housing. AHIF funding can be used to construct or preserve affordable rental or homeownership options, which serve renter households with incomes at or below 60 percent of HAMFI and homeowners with household incomes at or below 80 percent HAMFI. Since FY 2022, the fund has invested more than \$6.8 million in the construction of 993 affordable units.

- The Human Services Grant Funding Program (HSGFP) is an annual grant program that provides unrestricted grant funding to nonprofit organizations providing services to Albemarle County residents. Funding is awarded through an annual application process, with submitted applications reviewed by teams of county staff and community members. Since FY 2022, an average of \$586,000 has been awarded to nonprofit organizations each year to support a variety of housing related services and programs including shelter and supportive services for victims of domestic violence; shelter and supportive services for individuals experiencing homelessness; housing counseling services; home repair services for low- and moderate-income homeowners; and the management of affordable housing rental properties. This funding has supported approximately 2,700 households.
- The Albemarle County Homeowner Assistance Program (ACHAP) provides down payment assistance and closing cost assistance to first-time homebuyers with household incomes at or below 80 percent of HAMFI. Assistance is provided as deferred payment, zero-interest loans payable upon sale of the property, mortgage refinancing (with the exception of refinancing for a lower interest rate), or if the beneficiary ceases to use property as their primary residence. All fund collected through loan repayments are reinvested in the ACHAP program.
- Albemarle County regularly pursues Community Development Block Grant funding through the Virginia CDBG program. Additionally, the County is a member of the Charlottesville HOME Consortium, and receives a share of the annual allocation of HOME funds. HOME funds are primarily used to support the Albemarle Housing Improvement Program, which provide home repair services to low- and moderate-income homeowners in the county while CDBG funds are used to support the installation of infrastructure servicing low- and moderate-income communities.
- In FY 2024, the Albemarle County Board of Supervisors approved the creation of the Albemarle Rental Housing Incentive Fund (ARHIF) to encourage developers to provide at least 20 percent of the total units in new residential developments as housing affordable to households with incomes at or below 60% HAMFI for a 30-year period. The incentive is equal to 15 percent of the total property taxes due each year for the duration of the affordability period. The incentive may also be applied to substantial rehabilitation projects. The creation of the ARHIF required adoption of a local ordinance authorizing the County to provide grants or loans to developers for the construction or preservation of affordable housing.
- Albemarle County partners with the Albemarle County Economic Development Authority to provide funding for affordable housing projects that do meet the requirements of the ARHIF through public-private partnership arrangements.
- Albemarle County supports the Local Energy Alliance Program (LEAP) to energy-efficiency upgrades and weatherization services to income qualified homeowners and

rental property owners. The often substantial reductions in energy utility bills increase housing affordability.

Legislative and Policy Initiatives

- In July 2021, the Albemarle County Board of Supervisors adopted *Housing Albemarle*, as the County’s new housing policy. The new policy outlines 12 housing objectives and associated strategies with an emphasis on increasing affordable housing opportunities in the county.
- In January 2022, the Albemarle County Board of Supervisors adopted Ordinance No. 22-18(1), to amend Chapter 18 § 2.4.5 – Affordable housing bonus factors of the county’s Code of Ordinances. This amendment clarified the County’s density bonus program for affordable housing, and aligned the ordinance with *Housing Albemarle* recommendations.
- The Rio29 Form-Based Code (FBC) Overlay District was created in September 2021. The Rio29 FBC offers property owners in Rio29 area the ability to develop their property in mixed-use, walkable development patterns through a “by-right”, administrative review process. Affordable housing requirements are included in the ordinance.
- The Tax Relief for the Elderly & Disabled program offers homeowners aged 65+, or who have a disability a 50 percent to 100 percent relief from their real estate tax liability. The amount of relief provided is based on household income, and is provided to help senior households remain in their homes.
- The Veterans Real Estate Tax Exemption program exempts real estate property taxes for veterans with a service-connected, permanent and total disability, and for surviving spouses of members of the armed forces killed in action or in the line of duty.
- In October 2020, the Board of Supervisors adopted the *Climate Action Plan*. The plan identifies the contributions residential energy-efficiency upgrades, and the use of renewal energy sources make toward lowering the overall cost of housing. The plans outline several strategies to improve the energy efficiency of the local housing stock, including providing financial support to organizations that make energy efficiency and weatherization improvements in affordable housing.
- The Albemarle County Office of Housing (ACOH) has increased the Housing Choice Voucher payment standards to 110 percent of Fair Market Rents to better match market rents and expand housing options for program participants.

Other Actions to Overcome Barriers to Affordable Housing

- The County is working to update its Comprehensive Plan and zoning ordinances with a focus on community equity, and incorporating the policy objectives of *Housing*

Albemarle. Zoning code updates are also working to shorten the amount of time required for development plan and permitting approvals, as well as streamlining the rezoning process.

- The Community Development Department (CDD) is implementing a new software program to streamline processes within the department. CDD has also implemented a new fee schedule with residential permitting fees based on a sliding scale of square footage (smaller residential units pay smaller fees) to help encourage construction of smaller single-family homes.
- CDD has also begun offering a concierge service to developers. Through this service, the County's planning and zoning staff consult with developers prior to submission of rezoning applications, and site and subdivision plans to help ensure plans and related documents align with the County's zoning ordinances and Comprehensive Plan. This effort was implemented to help developers submit complete and compliant plans, thereby reducing the development approval timeline.
- The Albemarle County Office of Housing (ACOH) is updating the housing webpages to provide community members with more housing related resources and information. A webpage providing information about fair housing laws and housing discrimination has recently been added.
- ACOH has initiated a process to link income qualified households with developer proffer units in an effort to increase the number of proffer units that purchased and rented by households in need of affordable housing.
- ACOH has created a new Landlord Liaison position to help recruit landlords to the Housing Choice Voucher program, support landlords through the lease up process, address landlord issues, and develop a landlord newsletter and training program.

Housing Need

This application will serve Albemarle County, Virginia, which is not considered a priority geography defined under this NOFO as:

Widespread housing cost burden or substandard housing, measured as number of households with housing problems at 100% HAMFI divided by number of households at 100% HAMFI. Housing problems is defined as: cost burden of at least 50%, overcrowding, or substandard housing.

Local analyses, however, do demonstrate a high prevalence of housing cost burden in Albemarle County, particularly among renter households and households with income less than \$50,000. The 2022 American Community Survey 5-Year Estimates indicate that of all Albemarle County

households, 27 percent are housing cost burdened. Renters are particularly impacted by high local housing costs, with renters accounting for 53 percent of all cost burdened households. The percentage of housing cost burdened households increases 69 percent for renter households with incomes less than \$75,000, while 81 percent of renter households with incomes less than \$50,000 pay more than 30 percent of their income towards gross housing costs.

High housing costs and a lack of smaller (e.g. efficiency and one-bedroom) units significantly impact the ability of Black, single-parent, and single person households to meet their affordable housing needs. Based on 2022 American Community Survey 5-Year Estimates, median gross rents for family sized units are unaffordable for all family household types, and single person households in the county are unaffordable to the majority of these family types, and single person households can only afford the median gross rents associated with efficiency units. However, efficiency units only account for 1 percent of the County’s housing stock, meaning many of the County’s single person households, including seniors living on fixed incomes, are required to rent units larger than needed at rents higher than they can comfortably afford.

Table 1: Median Income by Household Type and Affordable Housing Costs

Household Type	Median Household Income	Monthly Affordable Housing Costs
Black or African American	\$49,134	\$1,228
Female headed, children under 18	\$47,648	\$1,191
Male headed, children under 18	\$58,750	\$1,469
Female alone	\$48,182	\$1,205
Male alone	\$52,147	\$1,304

Publicly-supported housing in Albemarle County does not meet the need of renter households. Based on the most recent Comprehensive Housing Affordability Strategy (CHAS) data, 5,000 county household have incomes less than 50 percent of HAMFI. However, there are only 1,948 publicly supported housing units in the county. These units, combined with the 500 Housing Choice Vouchers administered by the Albemarle County Office of Housing the County is only able to meet the housing needs of 48 percent of very-low and extremely-low income households. The high cost developable land in the county, combined with increasing construction costs and a highly competitive state-wide tax credit application process has limited the number of publicly-supported housing the county is able to provide.

Table 2: Median Gross Rent by Bedrooms

# of Bedrooms	Median Gross Rent
No bedrooms	\$1,063
1 bedroom	\$1,428
2 bedrooms	\$1,577
3 bedrooms	\$1,660
4 bedrooms	\$2,041
5 or more bedrooms	\$3,075

EXHIBIT D: SOUNDNESS OF APPROACH

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Vision

The following proposal addresses two identified barriers to the construction and/or preservation of affordable housing in Albemarle County: a lack of sufficient local funding to support the construction and preservation of affordable housing units, and the high cost of land available for new residential construction. Additionally, the proposed activities meet two of the national objectives:

- **Benefiting low- and moderate-income persons** through providing funding to support the construction of new affordable rental housing, or the substantial rehabilitation of existing affordable housing; AND
- **Preventing or eliminating slums or blight** through providing low cost loans to small rental property owners to assist with unit repair or upgrades.

With the submission of this application, Albemarle County is requesting \$6.5 million in grant funding to be used for the following activities:

Activity 1: Establishment of an Affordable Rental Housing Revolving Loan Fund (ARHRLF)

Barriers Addressed:

- Limited funding to support construction and preservation of affordable housing
- High cost of residential construction
- Under supply of housing
- Expiring use of subsidized rental properties
- Short affordability periods for affordable units

In Fiscal Year (FY) 2019, Albemarle County established the Affordable Housing Investment Fund (AHIF) in anticipation of ongoing funding needs related to a multi-year project to redevelop an aging mobile home park located in the southern portion of the county. In FY 2021, use of the AHIF expanded to support affordable housing initiatives that require one-time funding, and which support the County's strategic and affordable housing goals. The fund is capitalized through developer proffer payments, and contributions from the County's general fund through the annual budgeting process. Since establishment of the AHIF, the County has invested approximately \$7.3 million dollars to support the construction of 281 units of affordable rental and owner-occupied units. However, the effectiveness of the fund to increase affordable housing opportunities is limited by two primary factors (1) an increase in residential construction costs, and (2) decreased county revenue since the end of the American Rescue Plan Act (ARPA) funding. Between FY 2022 and FY 2024, the County has seen the per unit cost of AHIF investments nearly double increasing from \$16,622 per unit in FY 2022 to \$32,773 per unit for the FY 2024 funding awards. Additionally, the pandemic related ARPA funding allowed the County to more than double the amount of funding dedicated to the AHIF increasing from approximately \$1.3 million in FY 2019 to more than \$3.8 million in FY 2023. As Albemarle County's revenue returns to pre-pandemic levels, and an increase in capital project funding needs means there is less revenue is available to support affordable housing projects. These funding constraints have delayed construction start dates for several important affordable housing projects, most notably eighty units of permanent supportive housing.

To address these funding issues, Albemarle County proposes to use \$5 million of the requested grant funds to establish an Affordable Rental Housing Revolving Loan Fund (ARHRLF). The revolving loan fund will provide loans of up to \$50,000 per unit to developers to support the construction or substantial rehabilitation of affordable rental housing units. Loans will be provided as zero- interest loans to nonprofit developers, and two percent simple interest loans to for-profit developers.

Funds will be awarded through a competitive application and review process. Submitted applications will be evaluated based on, but not be limited to the following criteria:

- Feasibility
 - Readiness to process with proposed activities
 - Capacity of project team
 - Experience in green design and construction
 - Track record of completing projects on budget and on schedule
 - Property management experience
 - Fiscal and organizational health
- Policy Objectives
 - Consistency with County strategic and policy priorities
 - Length of affordability period
 - Target beneficiaries
- Community Equity
 - At least 10 percent of total units are constructed to ADA and ANSI, or UFAS standards
 - Affordable units have access to all building amenities and equivalent range of in-unit appliances
 - Community amenities include features such as accessible on-site transit stops, broadband access for all units, accessible playgrounds
 - In mixed-income developments, the affordable units are interspersed throughout the project, not consolidated into one area
 - Applicant has an affirmative marketing plan in place
 - Extent to which community residents are able to participate in decision making processes throughout the life of the development

In addition to the above described criteria, all projects receiving funding through the ARHRLF will meet one or more of the national CDBG objectives, and priority consideration will be given to proposals that meet at least one of the following local objectives:

National objectives:

- a. Projects that benefit low- and moderate-income persons;
- b. Projects that prevent or eliminate slums or blight; or
- c. Projects that address other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

Local objectives:

- a. Projects that include mechanisms to ensure permanent (90-year) affordability;
- b. Projects that create new affordable housing opportunities for special populations including seniors households, families with children experiencing homelessness or who are at risk of homelessness; and youth aging out of foster care who lack stable housing options; or
- c. Projects that support the economic and social diversification of neighborhoods.

The types of eligible activities ARHRLF funds may be used for include new construction of affordable rental units, land development, infrastructure installation, site acquisition, buy-down of construction loan interest, accessibility modifications, substantial rehabilitation, energy-efficiency upgrades, weatherization, and pre-development activities. ARHRLF can also be used as leverage for other project grants or loans, such as Low-Income Housing Tax Credit financing or Community Development Block Grant (CBDG) awards. Projects supported by the ARHRLF will be required to provide at least 20 percent of the total project units as housing affordable to households with incomes up to 60% of HAMFI (Table 1), for a period of at least 30 years in accordance with the county’s housing policy. Maximum affordable rents for ARHRLF funded units must comply with the rent limits established in the housing policy (Table 2), which are based on thirty percent of the program income limits plus an allowance for utilities. All loan repayments and interest earned must be returned to the ARHRLF to support future affordable housing projects.

Table D1: ARHRLF Income Limits

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household
\$52,164	\$59,616	\$67,068	\$74,520	\$80,482	\$86,443	\$94,405

Table D2: ARHRLF Rent Limits

Eff	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR
\$1,177	\$1,345	\$1,682	\$2,102	\$2,355	\$2,708	\$3,061	\$3,414

Revolving loan funds have become an important tool in local government efforts to increase affordable housing in their jurisdictions. Through the provision of below-market financing, these funds help to reduce the costs of servicing construction-related debt, thereby reducing the level of rents needed for a development to be economically sustainable. Albemarle County reviewed several revolving loan funds while developing this proposal with Arlington County, Virginia’s Affordable Housing Investment Fund (AHIF) and the Pittsburgh Urban Redevelopment Authority’s Rental Gap Program (RGP) informing the structure of the proposed ARHRLF.

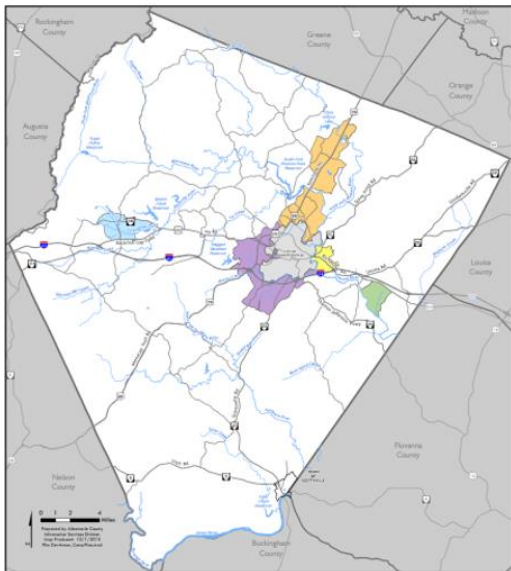
The AHIF provides low-cost, subordinate financing for the construction and preservation of affordable housing. Applications for funding are evaluated against a list of program criteria, the amount of leveraged funding, and dedicated affordability periods of at least 30 years (preference is given to projects with affordability terms of 60 years or more). Between 2010 and 2023, Arlington County has issued 121 AHIF loans with a total loan amount of approximately \$320.7 million. Fifty-three of those loans have been repaid (\$123.8 million). During this period, AHIF financing has supported the creation of 4,200 affordable units at an average cost of \$76,368 per unit.

The City of Pittsburgh’s RGP fund provides loans to developers for the creation and/or preservation of affordable rental units. The program is designed to increase the supply of decent affordable housing; eliminate health, safety, and property maintenance issues; and to ensure compliance with applicable codes and standards. Units receiving RGP support must be rented to households with incomes at or below 60 percent HAMFI for a period of at least 40 years with priority given to projects with permanent (99 years) affordability. Since the RGP’s inception in 2018, the program has awarded approximately \$21.7 million in loans to support 1,203 units of affordable rental housing at an average cost of \$18,038 per unit.

Geographic Scope

All ARHRLF funded projects must be located within one of Albemarle County’s designated Development Areas (see shaded areas in Map E1). These are five master planned areas where the Comprehensive Plan directs future residential and business growth in an effort to protect the

Map D1: Albemarle County and Development Areas



County’s natural resources, and ensure new development occurs in areas served by public water and sewer. Albemarle County the Development Areas for future buildout capacity on a biannual basis, and is developing a number of factors to help guide potential future expansion of the

Development Areas. The ARHRLF geographic scope will be updated with any expansion of the Development Areas.

Activity 2: Establishment of a Small Landlord Loan Fund (SLLF) - \$1,000,000

Barriers addressed:

- Limited funding sources to support affordable housing
- Poor maintenance of rental properties
- Undersupply of housing units

Albemarle County Office of Housing (ACOH) administers the federal Housing Choice Voucher (HCV) program including 435 Housing Choice Vouchers, 105 Mainstream Vouchers, and 25 Family Unification Program vouchers. As of September 3, 2024, the voucher success rate is 68 percent; however, 43 percent of newly issued vouchers take more than 60 days to reach initial lease up. Unit readiness plays a significant role in lease up delays. Between January 1, 2022, and August 31, 2024, 49 percent of all initial inspections resulted in a failed inspection. Of the units that failed the initial inspection, approximately 16 percent did not pass the reinspection forcing the voucher families to resume their unit search. Many of the units failing initial inspection are owned and managed by small landlords – landlords who own 10 or fewer rental units. Small landlords are important partners in the successful administration of the HCV program, providing affordable housing to approximately 36 percent of our program families.

To help increase the supply of decent affordable housing, increase the ability of Housing Choice Voucher program participant's ability to utilize their rental assistance vouchers, and to eliminate health, safety, and property maintenance deficiencies in rental housing units, ACOH is proposing to establish a Small Landlord Loan Fund (SLLF). The SLLF will provide low-cost financing to landlords who own ten (10) or fewer rental units in Albemarle County to support unit repairs or upgrades. Loans of up to \$20,000 per unit, or \$100,000 per project (for 5 – 10 units), will be provided as 1% simple interest loans, in exchange for the landlord agreeing to rent the units to Housing Choice Voucher program participants or to households with incomes up to 60% HAMFI, for a period of 15 years. All loan repayments and interest earned must be returned to the SLLF to support future landlords.

To be eligible for the program, a landlord's property:

- Must be located in Albemarle County;
- Must be current on all real property taxes; and
- Must be in compliance with all county zoning regulations.

Additionally, the borrower and/or any relatives of the borrower must not live in the units to be repaired or upgraded. Borrowers must not use the SLLF funds to pay for work already completed.

The types of activities the SLLF can be used for include:

- Correcting HQS/NSPIRE inspection deficiencies;

- Weatherization
- Energy-efficiency upgrades
- Accessibility improvements

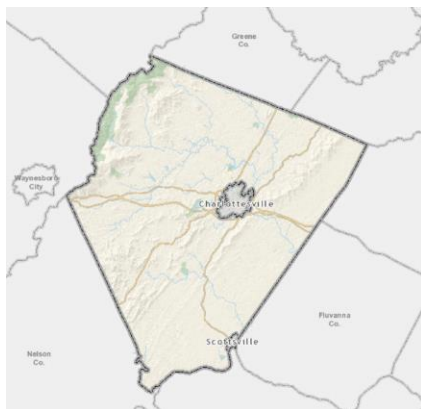
In October 2021, ACOH conducted a county-wide survey of landlords to better understand how the COVID-19 pandemic had impacted their operations, and to identify potential programs the County could develop to help support landlord needs. Of the landlords responding to the survey, 88 percent owned 10 or fewer rental properties, and 65 percent of respondents indicated interest in an affordable financing product to assist with unit repairs and upgrades. Based on the result of this survey, ACOH identified the need for a SLLF.

Small landlord funds are a relatively new concept; a July 2024 internet search resulted in the identification of three such programs in operation, with the Pittsburgh Urban Redevelopment Authority’s (URA) Small Landlord Fund being the most established. The URA’s program provides funding to landlords with 10 or fewer units for repairs and upgrades, with the goal to preserve existing affordable rental housing and/or to convert market rate and vacant housing to affordable housing in the City of Pittsburgh. To be eligible for loan financing, borrowers must have current homeowner insurance; no outstanding city, school, or county real estate taxes; have a minimum credit score of 580; have no judgements against them in a housing discrimination case with in the past five years; and must not have any outstanding code violations on other rental properties. Eligible landlords may receive up to \$20,000 per unit up to a maximum of \$100,000 per project covering five to 10 units. Assisted properties must be rented to either Housing Choice Voucher households or households with incomes at or below 60 percent HAMFI for a 10 to 15 period depending on the amount of funding awarded. Funding is provided as zero-interest loans with a due diligence fee of two percent due at loan closing. Since inception of the program in 2021, the program has awarded approximately \$200,000 in loans. As of December 2023, work on five units assisted under the program has been completed.

Geographic Scope

All ARHRLF funded projects must be located within Albemarle County (Map E2).

Map D2: Albemarle County



Activity 3: Affordable Multifamily Rental Housing Development

Barriers addressed:

- Undersupply of housing to meet demand
- High cost of land available for development
- Undersupply of accessible housing appropriate for seniors and persons with disabilities
- Short affordability periods for affordable units

Two barriers to affordable housing consistently raised by members of the development community is the high cost of available land in Albemarle County, and the high cost associated with connecting units to public water and sewer which currently costs approximately \$15,000 per unit. To help address the high cost of land, the County has identified a publicly owned parcel as a potential site for an affordable rental housing community. The proposed project site is located in the County's Southern and Western Development Area, just south of the City of Charlottesville. The approximately 4.93 acre site has several characteristics making it appropriate for rental housing development. The site is within walking distance (1/4 mile) of a public transit stop, and major grocery retailer is located on an adjacent property. The proposed project site is bordered by Monticello High School to the east. The site has an R-15 zoning designation, which allows a density of up to 15 dwelling units per acre. To determine the site's full development potential, Albemarle County will work with a consultant to assess the parcel, identifying full build-out potential, need for site rezoning, infrastructure needs, and cost estimates to make the site construction ready.

Map D3: Proposed Project Site



Albemarle County proposes to use \$435,000 of the requested funds to support construction of an affordable multifamily rental community on the identified site. To implement this proposed project, Albemarle County will undertake the following activities:

- Prepare and initiate a Request for Proposals (RFP) to secure a consultant to perform the site assessment;
- Work with selected consultant to assess the parcel for development potential including determining the total number of units that could be constructed under the current zoning designation, public infrastructure needs, activities necessary to prepare the site for future development, a cost estimate of site preparation, and if the site requires rezoning approval for maximum development potential;
- Prepare an application for site rezoning (if appropriate), and secure rezoning approval from the Albemarle County Board of Supervisors;
- Complete an Environmental Review Record for the project site; and
- Prepare a Request for Qualifications and/or an RFP to select a developer to construct an affordable, multifamily rental community. The RFP will include a requirement that the selected developer consult with community members on the final project design.

The County anticipates the cost to complete the site assessment to be \$50,000. The remaining \$385,000 will be used to help offset the developer's utility connection fees.

Geographic Scope

All ARHRLF funded projects must be located within Albemarle County (see Map E2 on page E-8).

Stakeholder Engagement

In developing this application, Albemarle County considered stakeholder input from previous planning processes, including the regional 2023-2027 Consolidated Plan and Analysis of Impediments to Fair Housing, *Housing Albemarle*, the AC44 Comprehensive Plan process, and the Climate Action Plan. Key stakeholders in all housing and community development activities include renters and homeowners, landlords and landlord associations, non-profit and for-profit developers, climate resilience advocates, service providers, community-based organizations, and elected officials and policymakers. The County maintains a dialogue with these groups by regularly soliciting feedback about needs, policies, and programs, as well as sharing information about program outcomes.

The County collected extensive input from residents and service providers during preparation of *Housing Albemarle*. More than 400 community members participated in the process through community meetings, a community-wide survey, and small focus groups. The focus groups allowed county staff to hear directly from community members who live in, or are in need of affordable housing including seniors and persons experiencing homelessness. Approximately

1,500 residents have engaged with AC44, the County’s project to update our Comprehensive Plan. Housing affordability has been a recurring theme in discussions with residents with 56 percent of residents indicating they are concerned or very concerned about the cost of housing in the county.

In addition to ongoing stakeholder engagement, the County sought public participation in the development of this proposal in the following ways:

- A draft of the application was available for public review beginning on September 11, 2024, and individuals or organizations were invited to provide public comment on the draft application between September 11 and September 26, 2024.
- Notice of the availability of the draft application, the public comment period, and the public hearing were advertised through:
 - Publication in the Daily Progress (a newspaper of general circulation);
 - And email to the County’s newsletter subscribers; and
 - A post on the ACOH main webpage.

Alignment with Requirements to Affirmatively Further Fair Housing

All of the proposed activities seek to remove barriers to the production of affordable housing by addressing the high cost of residential construction with an overall goal of expanding affordable housing choice in the county including in areas of opportunity. Activities 1 and 2 address this barrier by increasing the financing options available to residential developers and rental property owners. The Affordable Rental Housing Revolving Loan Fund is expected to increase the number of developers who include affordable units in their market rate developments, while the Small Landlord Loan Fund will incentivize small private landlords to lease more units to very-low and extremely-low income households through the Housing Choice Voucher (HCV) program. Activity 2 also address the preservation of affordable housing through provision of an affordable financing option for small rental property owners. The County anticipates this program will help small landlords continue to work with the HCV instead of turning to market rate renters to subsize unit repair costs. Activity 3 seeks to address the high cost of developable land in the county by making publicly owned land available for affordable rental housing development.

Proposed Budget and Timeline

If awarded, Albemarle County will expend PRO Housing funds within the six-year performance period anticipated to begin on February 10, 2025, and ending September 30, 2030. Activity schedules, budgets and milestones are listed in the table below.

Table D3: Schedule for Completing Proposed Activities

Milestones	Start	End	PRO Housing Budget
<i>Activity 1: Affordable Rental Housing Revolving Loan Fund</i>			\$5,000,000
Create program guidelines	Q1 2025	Q1 2025	
Develop program application & process	Q1 2025	Q1 2025	
Develop application evaluation metrics	Q1 2025	Q1 2025	
Created dedicated program funding account	Q1 2025	Q1 2025	
Advertise program to developer community	Q2 2025	Q2 2025	
Implement ARHRLF	Q2 2025	Q3 2030	
<i>Activity 2: Small Landlord Revolving Loan Fund</i>			\$1,000,000
Create program guidelines	Q1 2025	Q1 2025	
Develop program application & process	Q1 2025	Q1 2025	
Develop marketing materials	Q1 2025	Q1 2025	
Create dedicated program funding account	Q1 2025	Q1 2025	
Advertise program to landlords	Q2 2025	Q2 2025	
Implement SLLF	Q2 2025	Q3 2030	
<i>Activity 3: Affordable Multifamily Rental Housing Development</i>			\$435,000
Develop consultant RFP	Q2 2025	Q2 2025	
Select consultant to complete site assessment	Q3 2025	Q3 2025	
Complete site assessment	Q4 2025	Q2 2026	
Secure site rezoning approval (if applicable)	Q2 2026	Q4 2027	
Develop RFP to select developer	Q2 2026	Q2 2026	
Select developer	Q3 2026	Q3 2026	
Site plan approval/permitting	Q1 2027	Q3 2027	
Site development/construction	Q4 2027	Q4 2029	
Units come online	Q1 2030	Q1 2030	
<i>Program Administration</i>			\$65,000
Online Application Portal	Q1 2025	Q3 2030	
Compliance Monitoring	Q1 2025	Q3 2030	

If HUD awards a lower dollar amount than requested in this application, Albemarle County would reduce the amount of funding available for the two revolving loan funds. Additionally, the rental housing development project would be scaled back to include only the site assessment activities for a cost of \$50,000. The minimum amount of funding that would allow the County to carry out the majority of the proposed activities.

EXHIBIT E: CAPACITY

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Capacity of Lead Agency and Partners

As the lead applicant, the Albemarle County Office of Housing (ACOH), a unit within the Department of Human Services, is prepared to manage a grant of this size and scope. ACOH manages reporting processes for CDBG grant awards, administers the county's Affordable Housing Investment Fund application and award monitoring processes, administers the federal Housing Choice Voucher program, manages awards made through public-private partnership agreements, and oversees the Affordable Rental Housing Investment Fund program.

ACOH will partner with several county departments to manage the implementation of the proposed activities in this application. Those departments, their role, and their qualifying experience are described below. Each department listed has experience in project management and procurement procedures and has the capacity to quickly launch and implement the activities described. In addition, each has the leadership capacity and authority to effectively implement the proposed activities. Please refer to organizational charts on pages E-4 through E-8 for additional information.

Albemarle County Office of Housing (ACOH)

Activity area(s): 1, 2, and 3

Albemarle County Office of Housing is the lead department for this application, and has previous experience managing projects similar in scope to all proposed activities. ACOH manages Albemarle County's Affordable Housing Investment Fund including soliciting and evaluating funding applications, disbursing awards, and tracking grantee compliance with program requirements. ACOH also manages the County's CDBG grant awards. As a non-entitlement community, ACOH solicits proposals from nonprofit organizations and housing service providers, evaluates proposals, and selects projects for potential funding. The County's Housing Projects Coordinator works with project partners to apply for CDBG funding, and when grant funds are awarded, completes Environmental Review Records, manages fund disbursements, monitors subgrantee compliance CDBG regulations/requirements, and coordinates preparations for compliance reviews. ACOH staff are familiar with development processes working alongside Community Development Planning Staff reviewing rezoning applications and site plans for compliance with County affordable housing requirements, and work with developers to meet the County's affordable housing needs. Senior ACOH staff have experience designing and implementing programs including new application procedures and evaluation metrics for the Affordable Housing Investment Fund, guidelines for the Affordable Rental Housing Investment Fund, and program guidelines for the Albemarle County Housing Assistance Program.

Office of Grants and Agreements (OGA)

Activity area(s): 1, 2, and 3

The Office of Grants and Agreements provides strategic grant administration support for internal and external partners. The office also collaborates across all departments to operationally support the County's agreements and relationships with its partner entities, constitutional officers, regional entities, as well as other strategic contracts. OGA's mission is to foster collaborative partnerships that drive innovation and success, ensuring diligent stewardship of resources while maintaining the highest standards of compliance and integrity. OGA staff assist ACOH staff with legal review of grant-related agreements, serve as a second repository of grant-related documents, and assist with annual CDBG compliance reviews.

Community Development Department (CDD)

Activity area(s): 1, and 3

CDD is a key partner in implementing activities 1 and 3. The department is responsible for planning, reviewing, and implementing land uses on behalf of the community reflecting the County's interests in historic, natural and cultural resources, the creation and protection of a healthy and safe built environment, the provision of diverse housing options, and the effective stewardship of all of the County's assets. Planning staff have extensive experience reviewing and preparing staff reports on potential rezonings, rezoning applications, special use permit applications, site development plans, subdivision plans, and comprehensive plan amendments. It is also responsible for coordinating the review and update of the County's Comprehensive Plan, drafting Zoning and Subdivision Ordinance amendments as needed. The Building Division issues permits to construct, enlarge, alter, repair, convert, or demolish any building in Albemarle County, as well as for installation or changes to electrical, plumbing, or mechanical systems. The Engineering division is responsible for overseeing land disturbance activities, managing the Stormwater Management and Erosion and Sediment Control Programs (VSMP/VESCP), administering the Water Protections Ordinance and Flood Hazard Overlay district, as well as other engineering tasks. Engineering provides support in the review of subdivisions, site plans, building permits, and other applications to ensure compliance with the County Ordinance, and administers the bonding and public street acceptance program. Zoning staff have extensive experience interpreting, administering, and enforcing the Zoning Ordinance. Zoning staff also review building permits for zoning compliance, and provide information regarding setbacks, signs, site plans.

Facilities and Environmental Services (FES)

Activity area(s): 3

FES is responsible for maintaining and improving County-owned buildings, grounds, and infrastructure. This includes managing the planning, design, and construction of all major Capital Improvement Projects. FES also manages the County's operations to prevent pollution, ensure compliance with state and federal environmental laws and regulations, and assist residents

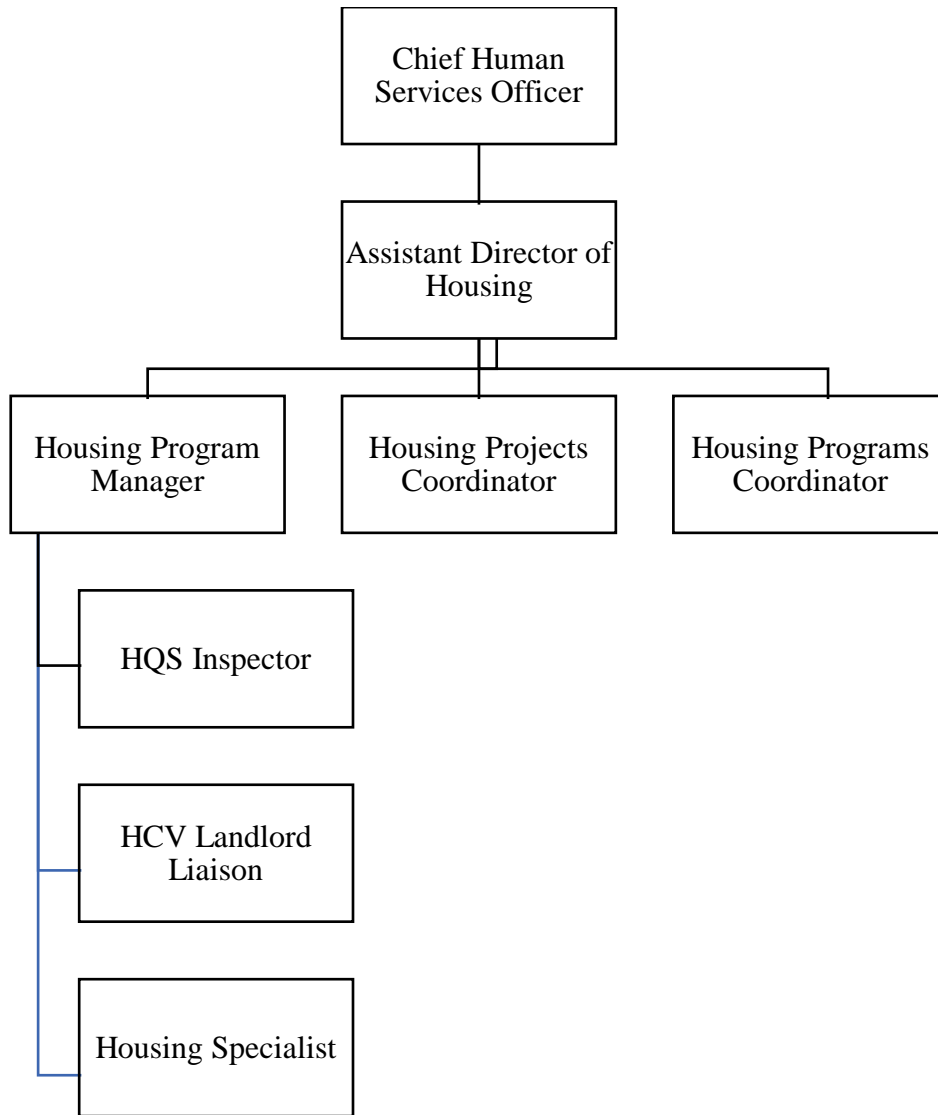
to minimize waste in the county. The Climate Action Team oversees implementation of the County's Climate Action Plan. FES staff will play an important role in the development of the Requests for Proposals associated with the multifamily development project.

Procurement Office

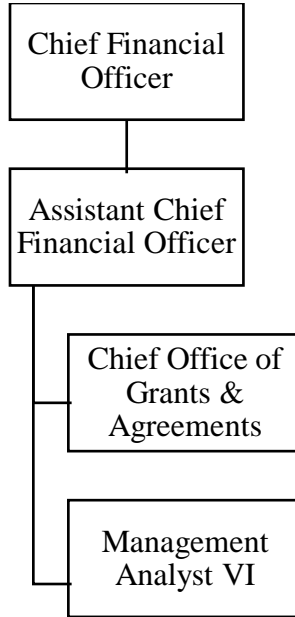
Activity area(s): 3

The Procurement Office, oversees the County's solicitations ensuring the process with a focus on integrity and the equitable treatment of vendors. The office also ensures compliance with the Virginia Public Procurement Act.

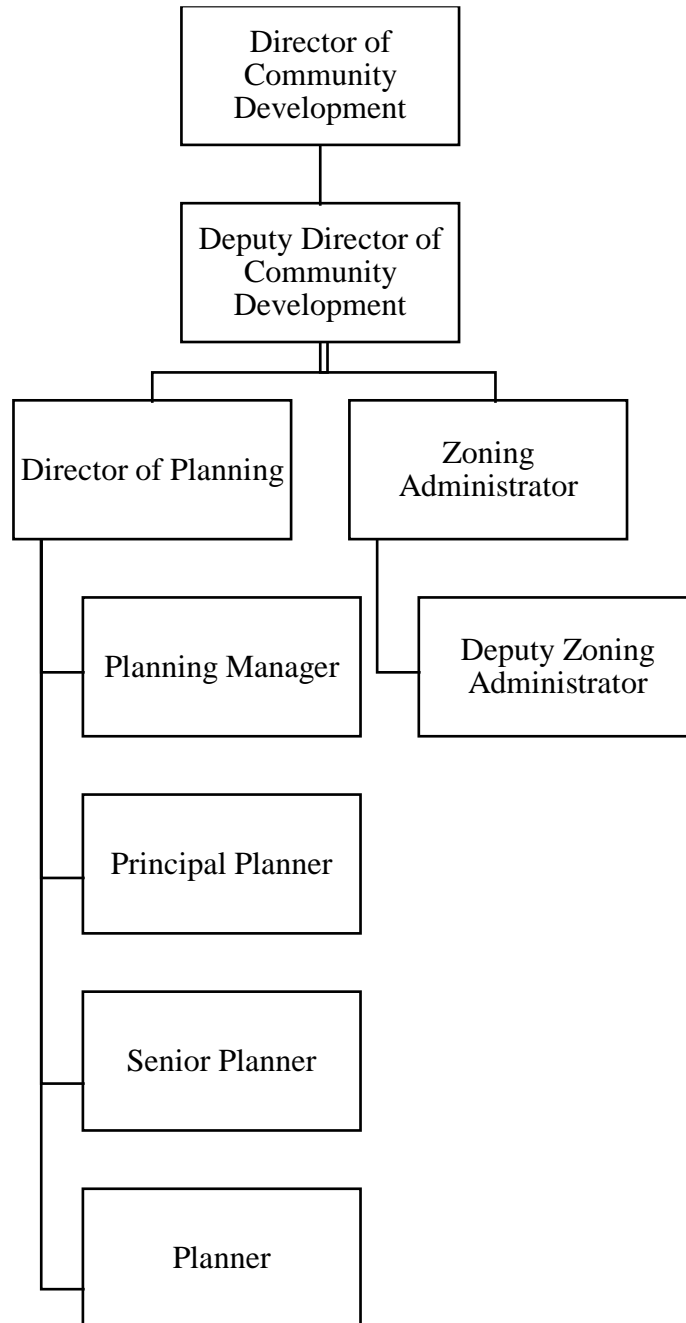
**Organizational Chart Key Staff and Management
Department of Human Services
Albemarle County Office of Housing**



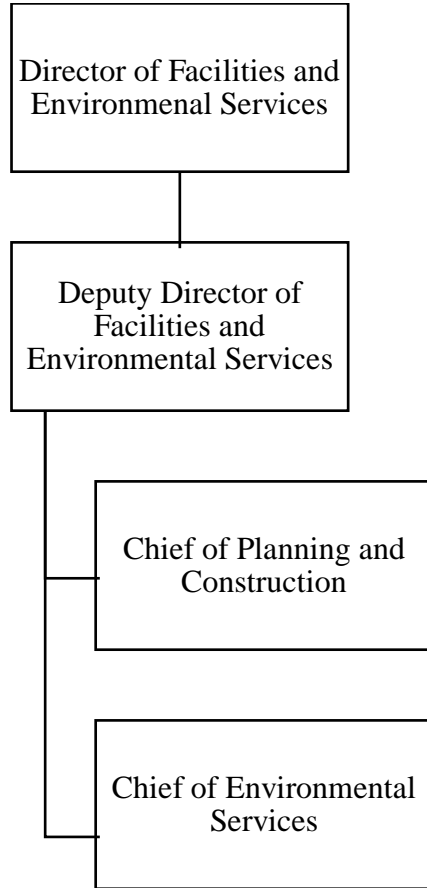
**Organizational Chart Key Staff and Management
Department of Finance and Budget
Office of Grants and Agreements**



**Organizational Chart Key Staff and Management
Community Development Department**



**Organizational Chart Key Staff and Management
Facilities and Environmental Services**



**Organizational Chart Key Staff and Management
Department of Finance and Budget
Office of Grants and Agreements**

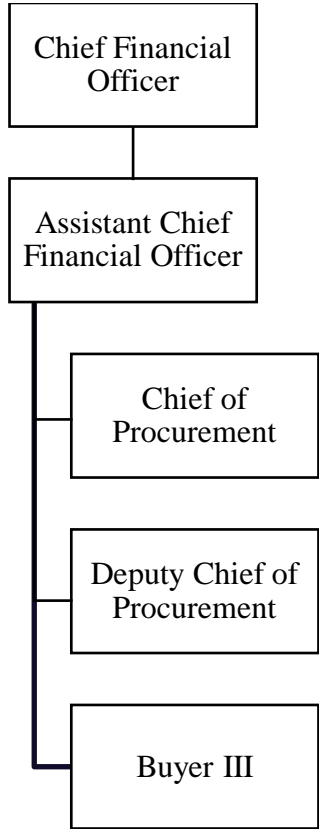


EXHIBIT F: LEVERAGE

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Leveraged Funding or In-Kind Services

The County is committed to carrying out the proposed activities. A summary of leverage sources and amounts committed to supporting a PRO Housing award are listed below.

Source	Amount
In-Kind Staff Time (Albemarle County Office of Housing)	\$50,106
Proposed Project Site (2024 assessed value)	\$1,850,300

EXHIBIT G: LONG TERM EFFECT

**ALBEMARLE COUNTY OFFICE OF HOUSING
DEPARTMENT OF HUMAN SERVICES
COUNTY OF ALBEMARLE, VIRGINIA**

Long-Term Effects and Outcomes

The activities proposed in this application work towards the primary goal of increasing the supply, stability, and quality of affordable housing to meet the needs of low- and moderate-income households in Albemarle County. Throughout the program period, the County will continue to assess the barriers identified, as well as the changing needs of county households. Regularly assessing program performance will allow the County to direct limited program resources towards our community's greatest needs targeting housing development towards priority populations as needed. Overall, implementation of the proposed activities will create the structures needed for Albemarle County to meet the housing needs of our more vulnerable households, a segment of our population the County has struggled to serve effectively. The anticipated outcomes for each proposed activity are described below.

Activity 1 is an important tool in the County's efforts to increase affordable housing options. Establishment of an Affordable Rental Housing Revolving Loan Fund (ARHRLF) will provide the County with a consistent source of funding to support the construction and preservation of affordable housing. Compared the County's current housing fund, which provides one-time grant funding for affordable housing projects, the self-sustaining nature of the ARHRLF greatly expands the number of low- and moderate-income households the County can serve by supporting the construction and preservation of affordable rental housing over the long term. Additionally, the ARHRLF will provide the opportunity to target grant funding through the current Affordable Housing Investment Fund on projects that support the housing needs of priority populations – families experiencing homelessness, seniors, and persons with disabilities.

The implementation of Activity 2: Small Landlord Loan Fund (SLLF) seeks to expand housing choice for Housing Choice Voucher program participant families, and preserve the affordable housing stock through unit rehabilitation. The SLLF directly responds to HCV participant concerns related to poor rental property maintenance, and landlord interest in low-cost financing options to repair and upgrade their rental properties. The SLLF also provides the County with an important landlord recruitment tool, acting as a 'safety blanket' for landlords who avoid renting to HCV program families and other low-income households due to preconceived ideas about the quality of residents who live in affordable housing.

Activity 3 seeks to directly impact the County's affordable housing stock through the construction of an affordable multifamily community. The project will also diversify housing choice in an opportunity neighborhood close to employment and educational opportunities, and which currently lacks affordable housing options. By offering county-owned land for the project, the County has the opportunity to target the housing needs of priority populations, and increase the stock of accessible housing.